

Message Text

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ACTION SS-25

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FM AMEMBASSY TOKYO

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INFO AMEMBASSY BONN

AMEMBASSY CAIRO

C O N F I D E N T I A L TOKYO 10947

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E.O. 11652: GDS

TAGS: EAID, JA, EG

SUBJ EMERGENCY ASSISTANCE TO EGYPT

SUMMARY. FONOFF REP BRIEFED EMBOFF ON GOJ DECISION RE EMERGENCY AID TO EGYPT WHICH, HE SAID, WAS EARLIER CONVEYED TO DEPT BY GOJ EMBASSY WASHINGTON. GOJ WILL PROVIDE APPROX 50 MILLION DOLLARS IN COMMODITY LOANS INCY 75, HALF OLD AND HALF NEW AID. GOJ WILL ATTEMPT TO EXPEDITE DISBURSEMENT OF 50 MILLION DOLLARS PROJECT AIR, BUT WILL NOT SWITCH PROJECT AID TO CY75 COMMODITY AID, NOR CAN PROJECT AID BE DISBURSED WITHIN CY 75. LOAN AGREEMENT FOR SUEZ CANAL IMPROVEMENTS WAS SIGNED JULY 26 IN TOKY; THIS LOAN, ABOUT 127 MILLION DOLLARS, SHOULD BE DISBURSED OVER COMING THREE YEARS. EMBASSY DOUBTS THERE IS MUCH ROOM IN GOJ FOR RECONSIDERATION OF DECISION ON EMERGENCY AID LEVELS. END SUMMARY.

1. ON AUGUST 5 FONOFF REF (TANIDA, DIRECTOR, FIRST ECONOMIC COOPERATION DIVISION) INFORMED EMBOFF OF GOJ DECISION ON EMERGENCY ASSISTANCE TO EGYPT, WHICH, HE SAID, HAD EARLIER BEEN NOTIFIED TO DEPARTMENT (POATS) BY NIISHIDA OF GOJ EMBASSY PRIOR TO PM MIKI'S ARRIVAL IN WASHINGTON AND TO GOE (VICE FONMIN AFRA) BY GOJ EMBASSY CAIRO.

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2. JAPAN WILL PROVIDE EQUIVALENT OF APPROXIMATELY 50

MILLION DOLLARS IN COMMODITY LOANS TO EGYPT DURING CY 1975. OF THIS AMOUNT, 25 MILLION WILL BE BALANCE OF EARLIER JAPANESE PLEDGE AND 25 MILLION WILL BE NEW AID. STEPS WILL BE TAKEN TO ENSURE TIMELY DISBURSEMENT OF BOTH OLD AND NEW AID.

3. JAPAN WILL ATTEMPT TO EXPEDITE FORMAL COMMITMENT AND DISBURSEMENT OF EARLIER PLEDGED PROJECT AID EQUIVALENT TO APPROX 50 MILLION DOLLARS, BUT IT WILL NOT BE POSSIBLE EITHER TO SWITCH THIS MONEY TO COMMODITY AID FOR CY 1975 OR TO DISBURSE IT FOR PROJECTS DURING CY 1975. GOE HAS REQUESTED THIS AID BE USED FOR IMPROVEMENTS OF ALEXANDRIA PORT AND CAIRO WATER SYSTEM. GOJ HPES TO SEND SURVEY MISSION IN SEPT OR OCT THIS YEAR TO STUDY BOTH PROJECTS; DISBURSEMENT OF LAON WILL DEPEND ON RESULTS OF THAT SURVEY, AND, IN CASE OF CAIRO WATER SYSTEM, RESULTS OF RECENT INTERNATIONAL BIDDING (I.E., WHETHER JAPANESE FIRM WON).

4. DURING LATE JULY VISIT TO JAPAN, GOE SUEZ CANAL AUTHORITY PRESIDENT MASHUR SIGNED LAON AGREEMENT WITH JAPAN'S OVERSEAS ECONOMIC COOPERATION FUND RE EARLIER PLEDGED JAPANESE LOAN OF 38 BILLION YEN (ABOUT 127 MILLION DOLLARS AT 298 YEN/DOLLAR) FOR FIRST PHASE OF SUEZ CANAL IMPROVEMENT PROJECT TO BE PERFORMED BY JAPANESE FIRM OF PENTA OCEAN. TANIDA SAID HE EXPECTED DISBURSEMENT OF THIS LOAN TO BEGIN SOON AND TO TAKE ABOUT THREE YEARS. TANIDA SAID QUESTION WHETHER JAPAN WILL PROVIDE SIMILAR LOAN FOR PHASE TWO IMPROVEMENTS REMAINS TO BE STUDIED BY GOJ. HOWEVER, NIHON KEIZAI SHINBUN REPORTED JULY 26 MASHUR'S REMARKS WHILE IN JAPAN TO EFFECT QTE I CONSIDER THAT GOJ HAS PROMISED TO EXTEND YEN LOANS FOR THE SECOND STAGE OF CONSTRICTION AND I EXPECT THE FULFILLMENT OF THIS PROMISE UNQTE.

5. TANIDA SIAD UNCERTAINTY REGARDING ACTIONS OF OTHER POTENTIAL DONORS, IN PARTICULAR FRG, WAS MAIN PROBLEM FONOFF FACED IN TRYING TO PERSUADE FINANCE MINISTRY TO GO ALONG WITH USG REQUEST THAT GOJ PROVIDE 100 MILLION DOLLARS. FACT THAT USG MUST GO TO CONGRESS IN FY 76
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PORTION OF OUR AID WAS ALSO A FACTOR. TANIDA STRESSED GOJ QTE STRONGLY EXPECTS UNQTE THAT OTHER DONORS WILL ULTIMATELY DECIDE TO PROVIDE EMERGENCY AIR; EVEN SO, HE MADE CLEAR IN RESPONSE TO EMBOFF'S QUESTION, JAPANESE COMMITMENT NOT CONDITIONAL. GOJ HAS NOT THROUGHT AHEAD TO FUTURE AID COMMITMENTS; THESE WILL DEPEND ON ECONOMIC AND POLITICAL SITUATION IN EGYPT AND ME AND ACTIONS OF OTHER DONORS. GOJ DOES NOT WISH TO PROVIDE EMERGENCY

AID ON A CONTINUING OR PERMANENT BASIS, BUT WILL STUDY
FUTU
E REQUESTS FOR SUCH AID ON AN AD HOC BASIS. (EMBASSY
COMMENT: THIS LAST STATEMENT REFLECTS STRONG GOJ DIS-
TASTE FOR EMERGENCY OR STABILIZATION AID AND PREFERENCE
FOR PUTTING JAPANESE AID INTO LONGER TERM DEVELOPMENT
PROJECTS.

6. IN ABSENCE FROM CAIRO OF GOE FONMIN FAHMY, SAID
TANIDA, GOJ DECISION WAS CONVEYED TO VICE FONMIN AFRA.
AFRA TOOK NOTE OF NFO AND SAID HE WOULD CONVEY IT TO
MINISTER. SO FAR THERE HAS BEEN NO OTHER RESPONSE FROM
EGYPTIANS.

7. EMBASSY COMMENT. DECISIONS BY OTHR EUROPEAN DONORS
TO CONTRIBUTE AT LEVEL REQUESTED BY USG, FAVORABLE ACTION
BY US CONGRESS ON USG CONTRIBUTION, AND/OR STRONGLY
NEGATIVE EGYPTIAN REACTION TO GOJ DECISION MIGHT GIVE
GOJ REASON FOR RECONSIDER ITS DECISION. HOWEVER, AS
ORIGINAL DECISION ON AMOUNT OF EMERGENCY AID WAS TAKEN AT
MINISTERIAL LEVEL, EMBASSY DOUBTS THERE IS MUCH FLEXI-
BILITY OR ROOM LEFT FOR ANY RECONSIDERATION BY GOJ.
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